

October 15, 2004

Mr. Ed Hulls, Manager of Operations  
Western Area Power Administration

Re: Springs Utilities Comments on the Proposed Frequency Response and Regulation Service

---

Dear Mr. Hulls:

Springs Utilities (SU) is pleased to provide these informal comments on Western's proposed Frequency Response and Regulation Service. We first learned of this proposal on September 27, 2004 during an informational meeting. Due to this short notice, it is possible to provide only brief comments by your requested date of October 15, 2004.

SU owns and operates thermal and hydro generating resources with a total rated output of approximately 630MW. We have allocations of power from the Colorado River Storage Project - Integrated Projects (CRSP-IP) and Loveland Area Project - Integrated Projects (LAP-IP), a Purchase Power Agreement with Front Range Power Corporation (480 MWs) and import power under long and short-term contracts. The 2003 system peak load was 825 MW.

We support generation standards and good control performance to adequately assure system reliability. However, Western's proposal for frequency response and regulation services poses two main concerns for Springs Utilities: 1) we are unclear why Western is proposing additional standards beyond NERC performance standards and 2) we are concerned with the administrative burden and expense which will result from measuring and complying with these non-standard control measures.

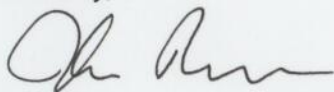
- 1) **NERC Performance Standards**—We support current industry standards for generation control performance. We continually match generation to load and net interchange schedules by automatic generation control (AGC) and monitor our generation control performance using standard NERC performance criteria (CPS1/CPS2). For 2004, our CPS1 and CPS2 values have ranged from 171% - 187% and 96% - 99%, respectively. This performance compares favorably with Western's values of 180% - 190% and 94% - 96% for CPS1 and CPS2, respectively as reported at the informational meeting held on September 27, 2004.

NERC standards use one-minute and ten-minute average of control signals in CPS1 and CPS2 performance measures and these are averaged over 12 month periods. This method of power system control performance measurements allow for the system to 'breathe' without causing excessive and unnecessary control (AGC) actions. It appears that WACM's proposed control performance measurements for regulation charges is based on strictly one minutes averages. This is a step backwards in control performance monitoring and is in the opposite direction from the rest of the industry.

- 2) **Administration of the Frequency Response and Regulation Service**—We are concerned with the administrative burden and expense required (for both Western and Western's customers) to measure and comply with more stringent and non-standard control performance.

Springs Utilities appreciates the opportunity to comment on Western's proposal and we look forward to further discussions regarding this topic.

Sincerely,



John Romero  
System Control Manager  
719-668-4027